

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
)	
FRANCHISE GROUP, INC., <i>et al.</i> , ¹)	Case No. 24-12480 (LSS)
)	
Debtors.)	(Jointly Administered)
)	

DEBTORS' REQUEST FOR STATUS CONFERENCE

TO: THE HONORABLE LAURIE SELBER SILVERSTEIN, UNITED STATES
BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE (the "Court").

STATEMENT

1. Kirkland & Ellis LLP ("K&E") is 21 days into these chapter 11 cases. K&E has a complete appreciation for the litigation festival these cases have been from the jump. Nonetheless—and consistent with the Debtors' view throughout these chapter 11 cases that the

¹ The Debtors in these chapter 11 cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

sole focus is on reorganizing these businesses for the benefit of all stakeholders—the gap between these lender groups is not wide. And it is time to end the war and expedite the Debtors’ exit from chapter 11.

2. With the clock ticking and time running short, the Debtors believe the time is ripe for a Court-ordered status conference—with the key principals from each lender group in attendance—to discuss the current state of play: the litigation engines are firing on all cylinders and there’s a short window to capture savings from a settlement. As officers of the Court, the professionals in these cases owe it to the bankruptcy process to work collaboratively to find common ground and, in the process, preserve approximately 12,000 jobs and 2,200 retail locations. The alternative is a value-destructive litigation path where no one truly wins.

3. Over the past three weeks, the Debtors and their advisors have worked to facilitate principal-level discussions with the Ad Hoc Group and the Freedom Lender Group.² Following the status conference on February 19, 2025, the Debtors invited principals and advisors of both lender groups for an in-person settlement discussion at K&E in New York on February 28, 2025. The Ad Hoc Group attended the meeting and demonstrated a readiness to engage. The Freedom Lender Group was unfortunately unable to attend. The Ad Hoc Group principals nonetheless engaged directly with the Freedom Group Lender principals, and proposals were exchanged. And while goal posts were established, the playing field covers many miles.

4. The Debtors have stepped in and worked to bring parties back onto a visible field. It has worked. As the Debtors continue to bring the parties closer to the middle in the face of ongoing discovery and litigation, the Debtors believe it is time well spent to convene a status

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Sixth Amended Joint Chapter 11 Plan of Franchise Group, Inc. and Its Debtor Affiliates* [Docket No. 1015].

conference to discuss the current state of play and attempt to bring these cases to their rightful conclusion. It is critical that principals with settlement authority be in attendance. No one is being forced to do anything; this is simply an opportunity for all parties to be present for a status update.

5. Subject to the Court's availability, we would request a status conference on March 17, 2025, at 10:00 a.m. (prevailing Eastern Time) or as soon as reasonably practicable thereafter. Attached to this statement as **Exhibit A** is a form of order seeking to set the status conference.

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Dated: March 7, 2025
Wilmington, Delaware

/s/ Allison S. Mielke

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